

Department of Legislative Services
 Maryland General Assembly
 2008 Session

FISCAL AND POLICY NOTE

House Bill 147 (Delegate Kipke, *et al.*)
 Health and Government Operations

Milk Products - Direct Sale to Consumer - Exemption from Regulation

This bill exempts the sale of milk and milk products by milk producers (an operator of a dairy farm) directly to the final consumer from regulations governing the production, processing, labeling, and distribution of milk products in the State. The exemption does not apply to restaurant, retail, commercial, wholesale, or other sales of milk and milk products to subsequent buyers.

Fiscal Summary

State Effect: General fund expenditures could increase by \$50,600 in FY 2009 related to the costs of one additional epidemiologist to investigate disease outbreaks. Future years reflect annualization and inflation. No effect on revenues.

(in dollars)	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	50,600	62,700	65,800	69,100	72,600
Net Effect	(\$50,600)	(\$62,700)	(\$65,800)	(\$69,100)	(\$72,600)

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect

Local Effect: Local health departments could handle the additional disease reports with existing staff and resources.

Small Business Effect: Minimal.

Analysis

Current Law: A person is prohibited from selling raw milk for human consumption unless it is being sold by a milk producer to a milk processor or for the sale of farmstead cheese.

A seller, processor, or producer of milk has to hold a State permit with a Grade A or manufactured grade classification. The permit is contingent on passing an inspection to determine whether the property, buildings, equipment, and their operation conform to specified rules and regulations. To ensure continued conformity, the Secretary may periodically reinspect the property, buildings, equipment, and their operation.

Regulations require that, within a certain time period, milk samples be collected and tested for potential health hazards including, among other things, drugs, bacteria, and cooling temperatures. All results have to be reported to DHMH.

Background: Raw milk or milk products have not gone through the pasteurization process to make the milk or milk product free of pathogens. Proponents of drinking raw milk claim that raw milk is more nutritious than pasteurized milk and that it is antimicrobial, making pasteurization unnecessary.

However, the U.S. Food and Drug Administration advises that there is no meaningful nutritional difference and warns that raw milk can contain harmful bacteria that may cause illness or death including Salmonella, E. coli 0157:H7, Listeria, Campylobacter, and Brucella. FDA advises that illnesses caused by pathogens found in raw milk can be especially severe for pregnant women, the elderly, infants, young children, and people with weakened immune systems. FDA and the Centers for Disease Control and Prevention have concluded that the health risks associated with consuming raw milk far outweigh any benefits.

Nine states allow direct raw milk sales only at a producing farm. According to the National Association of State Departments of Agriculture, eight of those have recorded food-borne outbreaks traceable to raw milk consumption.

State Fiscal Effect: DHMH estimates that there will be about 1,064 new cases of reported diseases annually as a result of the sale of raw milk to the public. The estimate is based on the number of outbreaks traceable to raw milk consumption in other states that allow direct raw milk sales from a producing farm.

General fund expenditures could increase by \$50,561 in fiscal 2009, which accounts for the bill's October 1, 2008 effective date. This estimate reflects the cost of hiring one

additional epidemiologist within DHMH to handle approximately 1,064 additional cases of reported diseases, with each case averaging two to two and a half hours to process. The estimate includes a salary, fringe benefits, one-time start up costs, and ongoing operating expenses.

Positions	1
Salary and Fringe Benefits	\$45,783
Operating Expenses	225
Start-up Costs	<u>4,553</u>
Total	\$50,561

Future years reflect • a full salary with 4.4% annual increases and 3% employee turnover; and • annual increase in operating expenses.

Small Business Effect: Small farmers who sell milk directly to consumers could see a minimal increase in revenues in fiscal 2009 and future years.

Additional Information

Prior Introductions: An identical bill, HB 1010 of 2007, was heard by the Health and Government Operations Committee and was later withdrawn.

Cross File: None

Information Source(s): Department of Health and Mental Hygiene, Department of Legislative Services

Fiscal Note History: First Reader - February 15, 2008
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